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TO RUEHC/SECSTATE WASHDC PRIORITY 1584
INFO RUCNCLS/ALL SOUTH AND CENTRAL ASIA COLLECTIVE
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RUCNMEM/EU MEMBER STATES COLLECTIVE
RUEHAK/AMEMBASSY ANKARA 4321
RUEHBJ/AMEMBASSY BEIJING 2133
RUEHKO/AMEMBASSY TOKYO 1998
RUEHIT/AMCONSUL ISTANBUL 2569
RUCPDOG/DEPT OF COMMERCE WASHDC
RUEHC/SECSTATE WASHDC 1585
RUEATRS/DEPT OF TREASURY WASHDC
RHEHNSC/NSC WASHDC
RHMFISS/CDR USCENCOM MACDILL AFB FL
RUEAIIA/CIA WASHDC
RHEFDIA/DIA WASHDC
RUEKJCS/JOINT STAFF WASHDC
RUEKJCS/SECDEF WASHINGTON DC
RUEHVEN/USMISSION USOSCE 2909

C O N F I D E N T I A L SECTION 01 OF 02 ASHGABAT 001249

SIPDIS

STATE FOR SCA/CEN, EEB

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TAGS: [PREL](#) [EAID](#) [ECON](#) [AORC](#) [TX](#)
SUBJECT: EBRD ENDEAVORS TO INCREASE ITS BUSINESS IN
TURKMENISTAN THIS YEAR

REF: ASHGABAT 1031

Classified By: Charge d'Affaires a.i. Sylvia Reed Curran for reasons 1.
4 (B) and (D).

11. (C) SUMMARY: European Bank for Reconstruction and Development (EBRD) Resident Office Head Neil McKain (please strictly protect throughout) is working hard to increase EBRD's operational effectiveness in Turkmenistan, by concluding deals and actively seeking cooperation with other donors. EBRD headquarters officials plan to meet with Deputy Chairman/Foreign Minister Meredov at the EU-Central Asia Summit in Paris. McKain's goal of finalizing two deals this year is modest compared to the productivity of other EBRD offices, but restrictive political and economic forces at play in Turkmenistan may nevertheless make reaching this goal difficult. END SUMMARY.

EBRD'S PROJECT PLANS

12. (C) At a meeting on September 17, European Bank for Reconstruction and Development (EBRD) Resident Office Head Neil McKain told emboff that his office aims to invest in two projects this year. McKain will pitch two projects at his headquarters next week, for investments in a convenience store chain and a brewery. McKain also said that EBRD was close to signing a deal extending a credit line to Senagat Bank, but it fell through, in part, because the dual exchange rate (which was in effect earlier this year) made the deal unprofitable. EBRD is now working on extending a credit line for small and medium enterprises to Senagat Bank and Turkmenbashy Bank.

DESIRE FOR COOPERATION WITH GERMAN AID BANK

13. (C) McKain said that he plans to meet with German Ambassador Reiner Morell to discuss coordination of technical assistance offered to Turkmenistan by EBRD and German government-owned development bank KfW. He hopes in this way to stave off the suspected German strategy to gain business by presenting KfW as a competitive alternative to EBRD. McKain felt that KfW might not understand the importance of

donors cooperating at this stage of Turkmenistan's development and engagement with other countries.

EBRD DISCUSSING NEW STRATEGY FOR TURKMENISTAN AT EU-CENTRAL ASIA SUMMIT

14. (C) In yet another example of Turkmenistan's rising profile in EBRD, McKain said that EBRD will meet unofficially with Deputy Chairman/Foreign Minister Rashid Meredov on the margins of the EU-Central Asia Summit, currently taking place in Paris, to discuss a new strategy for Turkmenistan. McKain emphasized the discreet nature of the meeting between EBRD and Turkmenistan, and mentioned several times that Russia was not invited -- even as an observer -- to the Summit.

FORMER TEXTILES MINISTER SUFFERING FROM CANCER

15. (C) McKain said that former Minister of Textiles Jemal Goklenova is very ill from cancer, and that her condition contributed to her resignation (reftel).

16. (C) COMMENT: McKain has said since arriving in Ashgabat in the spring that he intends to conclude deals and bring EBRD's office in Turkmenistan up to the operational level of other EBRD offices. Although the goal of two projects this year is modest compared to other offices -- which conclude around 14 deals a year -- the ability to sign deals does not rest on his or EBRD's shoulders alone. The many economic and political conditions at play in Turkmenistan make progress toward concluding deals of all sorts slow. END COMMENT.

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